

## Message Text

LIMITED OFFICIAL USE

PAGE 01 ATHENS 03834 240739Z

43

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 COME-00 TRSE-00 OPIC-03 AID-05

CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 /072 W

----- 050822

R 231440Z MAY 75

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 8853

INFO AMCONSUL THESSALONIKI

LIMITED OFFICIAL USE ATHENS 3834

E.O. 11652: N/A

TAGS: EFIN EGEN EINV EWWT GR

SUBJ: FOREIGN INVESTMENT AND NEW GREEK CONSTITUTION

REF A. ATHENS 772 B. ATHENS 387 C. ATHENS 662 D. ATHENS 3833

1. IN COURSE OF PROLONGED DEBATE ON NEW DRAFT CONSTITUTION, GREEK PARLIAMENT APPROVED MAY 16 ARTICLE 108 EXTENDING CONSTITUTIONAL PROTECTION TO THE EXISTING FOREIGN INVESTMENT INCENTIVE LAW 2687 OF 1953 AND TO THE RECENTLY ENACTED LAW 27/75 (WHICH PROMULGATED GREEK SHIPPING TAX CODE AND LIMITED CERTAIN TAX EXEMPTIONS PREVIOUSLY OFFERED TO FOREIGN PERSONNEL OF LAW 89 FIRMS (SEE REF D). LAW 2687 STATES THAT A FOREIGN COMPANY'S INVESTMENT AGREEMENT WITH GOG CAN BE CHANGED ONLY WITH THE CONSENT OF THE FOREIGN INVESTOR. BY BEING CONSTITUTIONALLY GUARANTEED, A FOREIGN INVESTOR'S AGREEMENT WITH GOG IS PROTECTED FROM FUTURE UNILATERAL LEGISLATIVE CHANGE, AS UNILATERAL CHANGE WOULD REQUIRE CONSTITUTIONAL AMENDMENT. IN FACT, THIS IS SSAME PROVISION WHICH OBTAINED PREVIOUSLY, AND IS CLEARLY AN ATTEMPT BY GOG TO IMPRESS POTENTIAL FOREIGN INVESTORS WITH CONTINUITY OF PROTECTION AFFORDED THEIR INVESTMENT AND TO REESTABLISH FAVORABLE FOREIGN INVESTMENT CLIMATE IN GREECE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ATHENS 03834 240739Z

2. HOWEVER, ARTICLE 108 ALSO PROVIDES FOR PASSAGE, WITHIN

THREE MONTHS FROM THE EFFECTIVE DATE OF THE NEW CONSTITUTION, OF A NEW LAW WHICH WILL ESTABLISH PROCEDURES GOVERNING REVISION OR CANCELLATION OF CERTAIN FOREIGN INVESTMENT CONTRACTS CONCLUDED UNDER LAW 2687 DURING THE JUNTA PERIOD, FROM APRIL 21, 1967 THROUGH JULY 23, 1974 (REF A). (EXCLUDED FROM THIS REVIEW ARE LAW 2687 INSTRUMENTS OF APPROVAL GOVERNING REGISTRATION OF SHIPS UNDER THE GREEK FLAG). COORDINATION MINISTER PAPALIGOURAS HAS STATED THAT THE NEW LAW WILL SPECIFY THOSE LAW 2687 INVESTMENT APPROVALS AND CONTRACTS WHICH WILL BE REVISED OR CANCELLED AND WILL ALSO SET THE TIME-FRAME WITHIN WHICH GOG WILL BE OBLIGATED TO INITIATE ACTION ON SUCH REVISION OR CANCELLATION.

3. COMMENT. INVESTIGATION AND REVISION OF SEVERAL JUNTA PERIOD INVESTMENTS IS ALREADY ONGOING OR PLANNED - E.G. OCEANIC EXPLORATION COMPANY, STEYR TRUCK PLANT, RENAULT-PEUGEOT ASSEMBLY PLANT, NESTLE DAIRY PLANT, ATHENS PAPER MILL, ET AL. THE NEW CONSTITUTIONAL ARTICLE AND THE FORTHCOMING NEW LAW WILL PROVIDE THE LEGAL BASIS FOR THESE REVISIONS. VARIOUS INTERESTS, BOTH LOCAL AND FOREIGN (INCLUDING THIS EMBASSY) HAVE POINTED OUT TO GOG DECISIONMAKERS THE DANGERS INHERENT IN CALLING INTO QUESTION THE SANCTITY OF LAW 2687'S CONSTITUTIONAL GUARANTEES FOR INVESTMENTS MADE DURING A PARTICULAR PERIOD. GOG OFFICIALS, INCLUDING PAPALIGOURAS, SEEM CONVINCED, HOWEVER, THAT INVESTIGATION OF AT LEAST CERTAIN MAJOR CONTRACTS IS NECESSARY TO BRING THEM INTO LINE WITH INTERNATIONAL STANDARDS. THEY ASSERT THAT GOG HAS NO INTENTION OF REVISING GREAT MAJORITY OF JUNTA AGREEMENTS. THE EFFECT OF THE CURRENT RUN OF CONTRACT REVISIONS ON THE GOG'S ATTEMPT TO REINVIGORATE THE FOREIGN INVESTMENT CLIMATE REMAINS TO BE SEEN. KUBISCH

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LAW, JUNTA, TEXT, FOREIGN INVESTMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 23 MAY 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** buchantr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975ATHENS03834  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750183-0598  
**From:** ATHENS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750521/aaaaarzq.tel  
**Line Count:** 93  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 ATHENS 772, 75 ATHENS 387, 75 ATHENS 662, 75 ATHENS 3833  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** buchantr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 02 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <02 JUN 2003 by BoyleJA>; APPROVED <14 OCT 2003 by buchantr>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FOREIGN INVESTMENT AND NEW GREEK CONSTITUTION  
**TAGS:** EFIN, EGEN, EINV, EWWT, GR, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006